



The City of Seattle

Paid Parental Leave Study

February 9, 2015

Submitted by
Towers Watson
300 South Grand Avenue
Suite 2000
Los Angeles, CA 90071

Table of Contents

Background	3
Analysis of Current Time-Off Utilization	4
Prevalence of PPL Benefits.....	8
Program Design.....	10
Key Definitions.....	11
Modeling and High-Level Costs	12
Conclusion.	13
Appendices.	14
Appendix A: Benchmarking Details	14
Appendix B: Financials	16
Appendix C: Assumptions & Methodology	17

Background

While the Family and Medical Leave Act (FMLA) entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons (including recovery from child birth and bonding with a newborn child), it does not provide income replacement.¹ The United States is one of only four countries globally without a statutory right to paid maternity leave for employees.² In all but a few states (California, New Jersey and Rhode Island) which require employee contributions to fund a paid parental leave benefit, it is up to the employer to decide whether to provide a separate paid parental leave benefit.

The City of Seattle does not provide a paid parental leave benefit (not unlike many organizations in the United States) or a Short Term Disability (STD) program to replace income during a period of disability resulting from the birth of a child (normally lasting six to eight weeks following the birth of a child, depending on the type of delivery). Given the absence of a formal program for pregnancy or parental leave, employees utilize accrued sick and vacation time to replace their income during an absence due to child birth, adoption, foster care placement or bonding with a newborn.

Paid parental leave has gained greater salience in the past few decades as there has been an increase in prevalence of dual income earners, in fact, 70% of women with children at home are in the labor force.³ With recent social and demographic shifts, balancing work obligations with family responsibilities has become more challenging for families.

One of the key initiatives for the City of Seattle is to implement measures and programs that encourage gender equity. Paid parental leave is one of the top priorities for the City of Seattle to evaluate and determine if this benefit would be an appropriate addition to offer to its employees. To assist with the feasibility of building this program, the City of Seattle has asked Towers Watson to conduct an analysis to determine the potential costs associated with such a program.

Paid parental leave (PPL) programs may have different meanings across different organizations; for the purposes of this study, PPL is defined as a paid leave benefit that can be taken by a mother or father following the birth of a child or adoption of a minor child. This benefit can be accessed up to one year following the date of birth or placement of the child. The benefit would be in addition to any available sick, vacation, or other compensatory time available to the employee and would provide job protection during the duration of the PPL benefit.

To illustrate the potential designs, durations and costs associated with a PPL program, five different PPL models were evaluated. The primary difference between the models was the duration of the benefit that ranged from two weeks to eight weeks at 100% income replacement (one model provided a tiered benefit of four weeks at 100% income replacement followed by two weeks at 60% income replacement).

¹ United States Department of Labor. <http://www.dol.gov/whd/fmla/>

² Institute for Women's Policy Research; Briefing Paper (IWPR #A143 Update), May 2013

³ Bureau of Labor Statistics

Analysis of Current Time-Off Utilization

To better understand the current time-off utilization patterns of new parents at the City of Seattle, Towers Watson performed an analysis of the time off utilization of 459 new parents in 2011 and 2012.

Key definitions and considerations pertaining to the analysis:

- The below figures represent the average utilization of time off for leaves occurring in 2011 and 2012.
- Parents' usage of time off is counted from the child's date of birth to one year following the birth of the child.
- All summary figures in the below table are rounded to the nearest week increment.
- **New Parents** represents an average for 2011 and 2012. There were a total of 459 new parents in 2011 and 2012 combined yielding an average of 230 parents per year.
- **Median Tenure** is the median tenure of the parents as of the child's date of birth.
- **Total Time Taken** is the total time out of work (both paid and unpaid) beginning as of the child's date of birth and ending after one year from the child's date of birth. Total Time Taken represents both intermittent and consecutive absences.
- **Paid Time Taken** includes: sick, vacation, sick leave donation received, compensatory time, emergency day - regular pay, executive leave, floating holiday pay and holiday credit. This time may be taken concurrently with Family Medical Leave (FML) and represents both intermittent and consecutive absences over the course of a year.
- **Unpaid Time Taken** includes: unpaid FML and leave without pay. Time may be taken both intermittently and consecutively over the course of a year.

Average Annual Utilization of Time-Off Benefits (both paid and unpaid)					
	New Parents	Median Tenure	Total Time Taken	Paid Time Taken	Unpaid Time Taken
Females	59	6 years	18 weeks	9 weeks	8 weeks
Males	171	6 years	7 weeks	7 weeks	0
Total	230	6 years	10 weeks	8 weeks	2 weeks

Observations:

- The employees having children are well tenured with the City of Seattle (median tenure for both males and females is 6 years).
- The vast majority of children (74%) were born to fathers at the City of Seattle.
- Females take significantly more time off than males following the birth of the child (likely due to the recovery period following birth) with a median of 8 weeks unpaid, while males take significantly less time off (most of which is paid).

- Across all employers in all industries: Available time off varies significantly from organization to organization, depending on the benefits available, tenure of the employee, available statutory benefits, historical time-off usage and available time-off balances. We would estimate that in most large organizations, women who give birth would have access to 9-13 weeks of paid time off (five to seven weeks are often paid under a short term disability program which may provide less income replacement – typically 60%).¹ Fathers and non-birth mothers typically only have access to accrued paid time off such as PTO (paid time off), sick or vacation time (with the exception of states and employers that provide parental leave benefits).
- The City of Seattle leave durations and period of paid time off is not outside of industry norms, mostly due to the tenure of the population and the ability for employees to amass a considerable amount of paid time off before the birth of the child. If the demographic of the City of Seattle's workforce were to shift so that less tenured, younger employees were having children, the period of paid time off may fall below industry norms (as those employees may not have accrued as much paid time off to use for their leave). It is also important to note that for the City of Seattle time-off is paid at 100% where other comparators may provide a lesser benefit percent through a formal Short Term Disability program (vs. accrued sick leave).

The below table illustrates the use of various paid and unpaid time off by the City of Seattle employees from the birth of the child to one year following the birth of the child.

Utilization of Paid and Unpaid Time Off* – by Leave Type										
	New parents	Median Tenure	FML Paid*	FML Unpaid	Other Paid Leave	Other Unpaid Leave	Own Sick Used (non FMLA)	Own Vacation Used (non FMLA)	Donated Sick Leave Used	Total
Females	59	6 years	4.4 weeks	7.3 weeks	0.3 weeks	1.1 weeks	2.4 weeks	2.1 weeks	0.2 weeks	18 weeks
Males	171	6 years	1.2 weeks	0.3 weeks	0.5 weeks	0.1 weeks	2.6 weeks	2.7 weeks	0.0	7 weeks
Total	230	6 years	2.0 weeks	2.1 weeks	0.4 weeks	0.4 weeks	2.6 weeks	2.6 weeks	0.0	10 weeks

*Includes all **Paid Time Taken** (vacation, sick, floating holiday, etc.) concurrent with FML.

Observations

- Females take an average of 12 weeks of FML (Family Medical Leave) following the birth of their child, 38% of this time is paid; males take very little FML time (1.5 weeks) almost all of which is paid.
- Both males and females take similar amounts of non-FML vacation (2.7 weeks and 2.1 weeks respectively) and non-FML sick time (2.6 weeks and 2.4 weeks respectively) within one year of the birth of the child.

¹9 weeks assumes one week of sick time used to satisfy a 7-day STD benefit waiting period, 5 weeks of STD benefits and 3 weeks of vacation/personal time. 13 weeks assumes one week of sick time used to satisfy a 7-day STD benefit waiting period, 7 weeks of STD benefits and 5 weeks of vacation/personal time.

- A total of three females received sick leave donation over the course of 2011 and 2012. The average sick leave received by these three individuals was six weeks (the range was 4.2 to 7.7 weeks of donated time received).
- Other types of paid and unpaid leave account for a small portion of the average total time taken for males and females.

The below table illustrates the time off utilization of the City of Seattle employees based on tenure at the time of the child's birth. Note that the numbers presented below may vary slightly from those presented in the prior tables and may not sum due to rounding to the nearest whole number.

Utilization of Paid and Unpaid Time Off* – by Tenure				
Tenure	New Parents	Average - Total Time Taken (weeks)	Average - Paid Time (weeks)	Average - Unpaid Time (weeks)
Females				
< 1	1	5	1	4
1-2	8	16	6	10
3-4	11	17	9	8
5-9	23	19	10	9
10-14	12	18	11	7
15+	5	20	12	8
Males				
< 1	9	3	2	1
1-2	17	7	6	1
3-4	36	8	7	1
5-9	52	7	7	0
10-14	34	8	8	0
15+	24	9	9	0
Total	232	10	8	2

Observations:

- There is a correlation with tenure and leave durations (both total leave and paid leave) where both females and males with longer tenure tend to take more time off.

The below tables illustrate the average amount of sick and vacation time remaining 12 months after a newborn date of birth. Note that available sick and vacation figures are calculated 12 months following the date of birth. These figures therefore include time that may not have been available as of the date of birth but accrued during the 12 month period following the date of birth.

Available Sick and Vacation 12 months post new born birth date		
	Sick	Vacation
Females	1 week	1 week
Males	4 weeks	3 weeks

Available Sick and Vacation 12 months post new born birth date by Years of Service		
	Sick	Vacation
Females		
<1	0 weeks	0 weeks
1-2	1 week	1 week
3-4	1 week	1 week
5-9	1 week	1 week
10-14	1 week	1 week
15+	2 weeks	2 weeks
Males		
<1	1 week	1 week
1-2	2 weeks	2 weeks
3-4	3 weeks	3 weeks
5-9	3 weeks	2 weeks
10-14	5 weeks	2 weeks
15+	7 weeks	4 weeks

Observations

- Females have an average of 1 week of sick and 1 week of vacation remaining 12 months post new born birth date.
- Males have an average of 4 weeks of sick and 3 weeks of vacation remaining 12 months post new born birth date.
- Longer tenured employees have more sick and vacation time remaining 12 months after new born birth date.
- For almost all tenure bands, females tend to retain an average of 1 week of sick and 1 week of vacation while males tend to retain more time as their tenure increases.

Prevalence of PPL Benefits

Paid parental leaves, while gaining in popularity, are still not commonly offered by employers. Based on a 2014 survey performed by the National Study of Employers¹, only 14% of companies currently offer their employees a paid parental leave benefit.

The City of Seattle had asked Towers Watson to obtain benchmarking on 23 organizations identified by the City of Seattle. Information was obtained using a combination of survey responses and accessing information readily available on the internet². Note that some of the source documents did not clearly delineate the difference in time allotted for birth parents vs. non-birth parents.

Prevalence of PPL Benefits	
Comparator Organization	Paid Parental Leave Benefit
City of San Francisco	12 weeks* if approved for FMLA – 100% 16 weeks* if approved for pregnancy disability – 100%
City of Austin	6 Weeks – 100%
City of Chicago	Birth mother: 6 weeks – 100% Non-birth parent: 2 weeks – 100%
Washington, D.C.	8 Weeks – 100%
City of Portland	No
City of Bellevue	No
City of Tacoma	No
City of Minneapolis	No
REI	No response to survey/information not available
Group Health Cooperative of Puget Sound	No
Boeing	No response to survey/information not available
State of Washington	No
King County	No
Port of Seattle	No
Pierce County	No
Snohomish County	No
State of CA	No
State of NJ	No
Washington State	No
State of Rhode Island	No
Univ. of Washington	No
Oregon Health and Science Univ.	No
Univ. of CA	No

**Note that an employee must exhaust all discretionary time (which counts toward the PPL duration) before receiving the PPL benefit which tops up the state mandated 55% benefit if applicable.*

¹ <http://familiesandwork.org/downloads/2014NationalStudyOfEmployers.pdf>

² See appendix for detailed benchmarking information for the organizations that provide a PPL benefit

Observations:

- Out of the 23 entities selected by the City of Seattle, only four of those that responded (or 19%) offer a PPL program.
- Of the organizations that provide PPL as a stand-alone benefit, the benefit amount is 100% of pay and the duration ranges from two to eight weeks. The City of San Francisco provides up to 16 weeks but requires employees to use all available time off, which “counts” towards the 16 weeks, and, after that period, the City of San Francisco will “top up” the state mandated 55% disability and/or bonding benefit (if applicable).

Program Design

Following conversations with the City of Seattle, it was proposed that the “straw person” design would take into account the basic policy provisions outlined below:

PPL Program Design	
Provision	Description
Eligibility	All employees (male and female)
Eligibility Waiting Period	Mirror health plan
Benefit Waiting Period	Can be accessed following the birth of the child or upon adoption of a minor child
Use	Within 1 year of birth, adoption or placement of a child
Leave Types	Both continuous and intermittent (intermittent time may be limited)
Job Protection	Yes
Integration with Other Benefits	In addition to other compensatory time (e.g., vacation, sick)
Funding	Paid for by the City of Seattle

Key Definitions

The City of Seattle requested that Towers Watson model five Paid Parental Leave (PPL) programs. The relevant terms in the financial projections are defined below:

Key Definitions	
Term	Definition
Paid Parental Leave Benefit	Summarizes the benefit design (weeks paid and percent of income replacement)
New Parents	Number of new parents (males and females) expected to utilize the benefit annually (does not factor in growth projections for the City of Seattle)
Total PPL Weeks Taken	The total amount of PPL weeks taken (assumes 100% utilization)
Annual PPL Benefit Cost	Calculated by multiplying each new parent's salary by the respective PPL benefit percent and duration and adjusted for inflation (to 2014)
Increase in Leave Durations	An estimated range of how the average leave durations will change. The lower limit assumes that employees use the greater of the historical time taken or the PPL benefit duration and the upper limit assumes that employees use the same amount of time historically taken in addition to the entire PPL benefit.
Added Liability for Retained Sick & Vacation	Represents sick and vacation time that may no longer be used by employees if there is a PPL benefit. Retaining sick and vacation time may result in an increased liability as these benefits are paid out or converted to a benefit that carries a monetary value at termination. These figures are inversely proportional to the increase in leave durations; that is, if employees increase their leave durations proportionately to the PPL benefit there will be little increase in the liabilities but if additional sick and vacation time is retained, there will be an increase in the liabilities.

Modeling and High-Level Costs

The below table illustrates the projected benefit utilization and associated costs for the various PPL programs:

Projected PPL Benefit Cost & Utilization					
Paid Parental Leave Benefit	New Parents	Total PPL Weeks Taken	Annual PPL Benefit Cost	Increase in leave durations (weeks per person)	Added liability for retained sick & vacation
2 weeks - 100%	230	459	\$676,000	0.01 to 2.00	\$0 to \$229,000
4 weeks - 100%	230	918	\$1,353,000	0.12 to 4.00	\$0 to \$628,000
4 weeks - 100% 2 weeks - 60%	230	1,377	\$1,759,000	0.66 to 6.00	\$0 to \$1,021,000
6 weeks - 100%	230	1,377	\$2,029,000	0.66 to 6.00	\$0 to \$1,021,000
8 weeks - 100%	230	1,836	\$2,707,000	1.87 to 8.00	\$0 to \$1,236,000

Observations:

- Projected annual PPL benefit costs range from \$676K to \$2.7M and there could be additional financial implications from increased sick and vacation liabilities
- From a workforce standpoint, if employee absence behaviors remained the same and an eight week PPL program was offered, average leave durations would increase to 28 weeks for females and 17 weeks for males.
- If leave durations don't significantly increase but employees choose to "bank" the sick and vacation time that is currently being used (following the birth of a child), we would expect liabilities to increase as much as \$1.2M per year (if an 8 week PPL benefit was offered) plus inflation in subsequent years.
- The costs outlined above are the direct benefit costs of the programs and do not reflect potential costs related to loss of productivity for the City of Seattle.

Conclusion

The current utilization patterns suggest that mothers and fathers have adequate access to paid time off through a combination of sick, vacation, and other paid leave. However, if the demographic of the City of Seattle employees changes, it is possible that there will be an increase in new parents with less tenure and, therefore, less discretionary paid time off to access following the birth of a child.

Providing a PPL benefit would ensure that all employees (regardless of gender or tenure) have a minimum fixed period of paid time off to bond with a newborn or adopted child. In addition to preparing for a future workforce, a PPL benefit would align with the City's overall gender equity efforts and promote a family-friendly environment that encourages healthy parent-child relationships. The implementation of a PPL benefit would also set a positive example for other government agencies, as well as companies that do business in the city of Seattle that do not already have a PPL benefit.

Although there are a good deal of benefits for implementing such a program, it is important to remember that PPL benefits are still in the minority (less than 20% of the City of Seattle's comparators have a PPL benefit) and implementing a PPL benefit would increase annual costs between \$676K and \$2.7M depending on the duration of the PPL benefit. In addition, the City of Seattle could realize annual increases in its booked liability up to \$1.2M from implementing such a program as employees may retain sick and vacation time if there is a PPL benefit that can be accessed to bond with a newborn child.

Prior to implementing a PPL benefit, the City of Seattle will need to create a formal policy document that outlines the parameters of the program, establish procedures for taking the time and measuring the ongoing costs of the program. The administration of the program will be critical to the program's effectiveness and success.

If the City of Seattle decides to provide a PPL benefit to its employees, it is recommended that a two- or four-week benefit be implemented. The addition of any PPL benefit would set a good example for other organizations as this benefit is not prevalent among the entities surveyed (only 19% of the respondents provide a PPL benefit). In addition, the current utilization patterns do not suggest that there is a significant deficit of paid time off for new parents so a longer PPL duration is not explicitly warranted. Providing for a lesser PPL benefit will allow the City of Seattle to obtain a good baseline of the financial impact of the program and provide the flexibility to increase the PPL duration at a later date once the utilization is better understood and if such an increase is warranted by a change in the demographic of the City of Seattle employees (i.e., younger workforce with lesser tenure having children).

Appendices

Appendix A: Benchmarking Detail

	City of Austin	San Francisco, CA	Washington DC	City of Chicago
STD				
Benefit %	70%	55% (CA SDI)	66.67%	No formal STD plan
Maximum Benefit	\$1,200/week	\$1075/week	\$1,154/week	
Maximum Benefit Period	90 days	52 weeks	180 days	
Sick Leave				
Accumulation	7.16 sick hours per pay period	13 8-hour working days per year	13 - 26 days per year (tenure based)	13 days per year
Maximum	None	130 8-hour working days	Not Listed	Not listed
Donating of Sick Leave Hours	Yes (through a Leave Bank)	Yes; EE must retain at least 64 hours	Yes (through an annual sick-leave bank)	Not listed
Formal Paid Parental Leave Program				
Benefit %	100%	100%	100%	100%
Maximum Benefit Period	6 weeks (240 hours). Duration of benefit dependent on budgeted work week for employee.	12 weeks for an approved FMLA leave and 16 weeks for an approved pregnancy leave (including use of all time off)	8 weeks	Birth mother: 6 weeks – 100% Non-birth parent: 2 weeks – 100%
Required to Exhaust Other Accrued Benefits	No	An employee must exhaust all discretionary time (which counts toward the PPL duration) before receiving the PPL benefit which tops up the state mandated 55%	No	Unknown

	City of Austin	San Francisco, CA	Washington DC	City of Chicago
		benefit, if applicable.		
Coordination with FMLA	Yes	Yes	Yes	Unknown
Can Be Taken Intermittently?	Yes (minimum one day increments)	Yes (mirrors FMLA and CFRA)	Yes (minimum one day increments)	Unknown
Qualifying Reason	Child birth, adoption or placement in foster care	Child birth, adoption or placement in foster care	Child birth, adoption or placement in foster care	Child birth, adoption or placement in foster care
Use of leave	Leave can be taken within 12 months of qualifying event	Leave can be taken within 12 months of qualifying event	Leave can be taken within 12 months of qualifying event	Unknown
Funding	Employer Paid	Employer Paid	Employer Paid	Unknown
Eligible Employees/Eligibility	Same as FMLA criteria	Permanent, Provision and exempt employees who normally work a minimum of 20 hours per week and 6 months of continuous service.	Employees who earn annual or universal leave; have not used paid family leave benefit in the last 12 months	Non-union employees; City of Chicago concurrently changed vacation policy to only allow a carry-over of 5 vacation days
Eligibility Waiting Period	Same as FMLA criteria	6 months	Unknown	Unknown
Benefit Waiting Period	None	None	None	Unknown
Job Protected	Yes	Yes	Unknown	Unknown
Repayment on Termination	N/A	N/A	N/A	Unknown

Appendix B: Financials

PPL Benefit Cost By Department						
	Events	2 weeks @ 100%	4 weeks @ 100%	6 weeks @ 100%	8 weeks @ 100%	4 weeks @ 100%, 2 weeks @ 60%
Arts and Cultural Affairs	1	\$1,314	\$2,627	\$3,941	\$5,255	\$3,416
City Budget Office	1	\$1,871	\$3,742	\$5,613	\$7,484	\$4,864
City Employees Retirement Syst	1	\$1,831	\$3,663	\$5,494	\$7,325	\$4,761
City Light	33	\$100,937	\$201,875	\$302,812	\$403,749	\$262,437
Department of Planning & Dev	5	\$14,237	\$28,473	\$42,710	\$56,946	\$37,015
Dept of Finance & Admn Svc	8	\$22,232	\$44,464	\$66,695	\$88,927	\$57,803
Fire Department	37	\$126,026	\$252,053	\$378,079	\$504,106	\$327,669
Hearing Examiner	1	\$617	\$1,234	\$1,851	\$2,468	\$1,604
Housing	1	\$1,588	\$3,176	\$4,765	\$6,353	\$4,129
Human Services	9	\$20,583	\$41,167	\$61,750	\$82,334	\$53,517
Information Technology Dept	3	\$10,172	\$20,343	\$30,515	\$40,687	\$26,446
Intergovernmental Relations	2	\$5,796	\$11,591	\$17,387	\$23,183	\$15,069
Law Department	3	\$9,326	\$18,653	\$27,979	\$37,306	\$24,249
Legislative-City Council	1	\$1,560	\$3,120	\$4,680	\$6,240	\$4,056
Municipal Court	4	\$9,278	\$18,557	\$27,835	\$37,113	\$24,124
Neighborhoods Department	2	\$5,525	\$11,050	\$16,575	\$22,100	\$14,365
Office for Civil Rights	1	\$1,416	\$2,833	\$4,249	\$5,666	\$3,683
Office of Economic Development	1	\$1,170	\$2,340	\$3,510	\$4,680	\$3,042
Office of Sustainability & Env	1	\$1,577	\$3,154	\$4,731	\$6,308	\$4,100
Parks Department	18	\$35,171	\$70,343	\$105,514	\$140,685	\$91,445
Personnel Department	1	\$440	\$881	\$1,321	\$1,761	\$1,145
Police Department	46	\$149,642	\$299,283	\$448,925	\$598,567	\$389,068
Seattle Center	2	\$3,279	\$6,558	\$9,838	\$13,117	\$8,526
Seattle Dept of Transportation	17	\$50,335	\$100,671	\$151,006	\$201,341	\$130,872
Seattle Public Library	11	\$21,085	\$42,171	\$63,256	\$84,341	\$54,822
Seattle Public Utilities	27	\$77,832	\$155,664	\$233,496	\$311,329	\$202,364
TES-Dept of Finance & Admn Svc	1	\$773	\$1,547	\$2,320	\$3,094	\$2,011
TES-Police	1	\$898	\$1,797	\$2,695	\$3,593	\$2,336
Totals	230	\$676,514	\$1,353,028	\$2,029,542	\$2,706,056	\$1,758,937

Appendix C: Assumptions & Methodology

The following assumptions and methodology apply to this analysis:

- Demographic information, birth records for 2011 and 2012, and leave usage and balances were provided by the City of Seattle.
- Only births that occurred in 2011 and 2012 were included in the analysis to account for the current utilization of leave for up to one year following the birth of the child. This aligns with the proposed PPL benefit which would allow a parent to utilize the benefit for up to one year following the birth of his/her child.
- Newborn events were provided by the City of Seattle utilizing data from the healthcare plan (new child dependents added). According to the City of Seattle, 98% of the employee population is enrolled in the City's medical plan. Birth statistics were not adjusted to account for the 2% of the population that is not enrolled.
- Employees not eligible for paid leave (i.e. temporary workers), and employees who gave birth prior to their date of hire were not included in the modeling.
- Employee's annual base rate and standard hours worked were cross referenced by employee IDs to determine number of hours in a "work week".
- Hourly employee salary values were calculated individually by dividing annual base rate by 52 weeks, and dividing by standard weekly hours worked provided on the census file by the City of Seattle.
- Salary figures have been respectively adjusted based on the year of birth by a factor of 2.03% for 2012, 3.24% for 2013, and 1.86% for 2014 to arrive at a current day salary equivalent.
- Tenure was calculated as of date of newborn birth
- Employees who had multiple births (e.g., twins) were included as one newborn event (there were six occurrences of multiple births in aggregate for 2011 and 2012). If multiple PPL leaves are allowed for each child born (in the case of multiple births), this will have a minor impact on the cost projections.
- If both the mother and father were city employees, our methodology assumed that both parents would be eligible and would both utilize the entire PPL benefit. There were five occurrences of this in aggregate for 2011 and 2012.
- Projections are based on the demographic of the 2011 and 2012 employee population and estimates were not adjusted to account for future inflation (after 2014) or changes in the workforce.
- All figures are rounded to the nearest thousand, so figures may not sum as a result of rounding.

- Annual PPL Benefit Cost was calculated by multiplying the PPL duration and benefit percentage by each respective employee's salary for the year in which the birth occurred, and adjusted for inflation through 2014 to account for present value. This represents a conservative estimate related to backfill costs. This estimate assumes 100% backfill at a 1:1 dollar replacement rate. Actual backfill costs will vary based on a number of factors including type of position, total length of leave, time of year, number of other employees on leave, etc.
- Modeling assumes that parents will utilize the entire PPL duration given the "use it or lose it" nature of the benefit.
- Each employee's Sick and Vacation usage was calculated by subtracting the balance at one year after newborn date of birth, from balance at newborn date of birth and adding one year of accrued vacation and sick hours (assumed 96 sick hours, vacation accruals were based on schedule by tenure).
- Percentage of available sick and vacation time used was determined for each employee and an average of individual usage percentages was calculated. Individual percentages were calculated by taking used hours divided by the sum of balance at date of newborn birth and one year of accrued time.
- "High" and "low" leave usage limits were calculated as follows: High usage assumes that an employee will take all the Sick Leave and Vacation that he/she had taken (in the absence of a PPL benefit) in addition to the total duration of the proposed PPL benefit. Low usage assumes that an employee will take the greater of the proposed PPL benefit or the cumulative Sick and Vacation that the employee had used (in the absence of a PPL benefit).
- PPL Benefit Cost and utilization figures represent an average of births that occurred in 2011 and 2012. Benefit Cost and duration are reported on an incurred basis (associated with the year in which the birth occurred vs. when the time was actually taken).
- Retained sick and vacation represent the time employees will no longer use with the addition of the PPL benefit and the time will, therefore, be retained as a financial liability for the City. Retained sick was valued at 30% based on conversations with the City of Seattle (this is a mix of the cash out value of 25% and VEBA/deferred comp value of 35%). Retained vacation is valued at 100% (the payout value if an employee were to terminate). Liability estimates assume that employees utilize PPL first, followed by sick time, then vacation time.